

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/7):**

BUTTER: Grade AA closed at \$1.0875. The weekly average for Grade AA is \$1.0958 (+.0283).

CHEESE: Barrels closed at \$1.1275 and blocks at \$1.1575. The weekly average for barrels is \$1.1300 (-.0113) and blocks, \$1.1645 (-.0149).

NONFAT DRY MILK: Extra Grade closed at \$0.8950 and Grade A at \$0.9000. The weekly average for Extra Grade is \$0.9230 (-.0170) and Grade A, \$0.9000 (+.0150).

BUTTER: The butter market remains weak. Churning schedules across the country continue to surpass demand. Cream offerings are readily available to butter operations, although demand from ice cream and other cream based products is increasing. Although butter stocks are heavy and often referred to as burdensome, most butter handlers and traders are comfortable with their inventory situation in comparison to last year at this time. Buying interest is fair at best. In many instances, buyers are placing smaller orders more often due to the overall weak tone to the current market. Across the country, promotions during June Dairy Month are being used to encourage cream based dairy product sales.

CHEESE: The cheese market is weak. Current offerings continue to exceed orders. A few cutters have noticed improvement in orders though still moderate at best. Process sales are generally fair. Overall cheese production remains seasonally heavy. Cumulative U.S. cheddar production for the first 4 months of the year totals 968.2 million pounds, up 57.8 million pounds (6.3%) from the same period a year earlier. Total cheese output for the first 4 months in 2002 totals 2.762 billion pounds, an increase of 72.3 million pounds (2.7%). At least in part due to sluggish sales of more perishable varieties, cheddar production has been higher.

FLUID MILK: Milk production remains strong in several areas of the country. In the Southwest, the milk flow is higher than year ago levels and above current expectations. With low commodity prices, processors are attempting to keep milk out of cheese plants, but need to operate to process the heavy supplies of fluid milk. California officials are monitoring a suspected bovine TB case in the state. Milk is nearing the seasonal peak in the Northwest. Production levels are high and milk is being moved for processing. Additional milk is backing into manufacturing channels from school milk accounts. Midwestern milk supplies are heavy and manufacturing plants are running on extended, heavy seasonal schedules. Class I demand is lower with schools recessing. Milk is at peak levels throughout the East with moderate declines noted in

the northern states. Even with hotter temperatures, heavy milk supplies remain available. Florida continues to export milk (the 231 loads are nearly double year ago levels) to find processing capacity.

DRY PRODUCTS: Nonfat dry milk trading continues to center around the support price in all areas of the country. Heavy, weekly offerings to the support program remain the only viable marketing option for many manufacturers. Domestic interest is mainly centered on contracted amounts. Drying schedules remain heavy to process burdensome milk supplies. Dry buttermilk markets remain weak. Pricing levels are slightly lower, but the true level is said to be lower yet to move any volume. Stocks continue to build in the absence of sales. The dry whey markets are weaker with prices declining. Offerings are available in all regions. The lower prices may provide opportunities for exporting. Production levels remain seasonally high and stocks exceed current demand. Whey protein concentrate prices continue to erode. Product is available from most producers in the country and imported proteins are being offered at lower prices. Lactose prices are lower, especially in spot trading. Offerings are moderate to heavy.

CCC: For the week of June 3 - 7, CCC purchased 26,627,789 pounds of NDM. A total of 3,854,923 pounds originated from the East, 1,133,892 pounds from the Midwest, and 21,638,974 pounds from the West.

MAY AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2002 was unchanged at 123. Compared with May 2001, the index was down 1 point (0.8%). The index of prices received by farmers for dairy products declined 2 points during the month of May 2002 to 94. Compared with May 2001, the index was down 25 points (21.0%). Prices received by farmers in May with changes from April were: for all milk, \$12.30, down \$.20; fluid grade milk, \$12.40, down \$.20; and for manufacturing grade milk, \$11.30, unchanged.

APRIL 2002 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 132.4 million pounds in April, 21.5% above April 2001 and 2.7% above March 2002. American type cheese production totaled 315.2 million pounds, 8.0% above April 2001 but 0.9% below March 2002. Total cheese output (excluding cottage cheese) was 697.6 million pounds, 4.1% above April 2001 but 3.0% below March 2002. Nonfat dry milk production, for human food, totaled 157.3 million pounds, 19.4% above April 2001 and 6.4% above March 2002. Dry whey production, for human food, was 89.2 million pounds, 7.0% above April 2001 but 2.8% below March 2002.

****SPECIAL THIS ISSUE****

BUTTER AND CLASS III & IV MILK FUTURES (PAGE 7)
INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
MAY MONTHLY AVERAGES AND SUMMARY (PAGES 9 - 11)
MAY DEIP SUMMARY (PAGE 12)

MAY AGRICULTURAL PRICES HIGHLIGHTS (PAGE 13)
APRIL DAIRY PRODUCTS HIGHLIGHTS (PAGE 14)
MAY FEDERAL MILK ORDER CLASS AND
COMPONENT PRICES (PAGE 15)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JUNE 3	TUESDAY JUNE 4	WEDNESDAY JUNE 5	THURSDAY JUNE 6	FRIDAY JUNE 7	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1375 (N.C.)	\$1.1300 (-.0075)	\$1.1275 (-.0025)	\$1.1275 (N.C.)	\$1.1275 (N.C.)	(-.0100)	\$1.1300 (-.0113)
40# BLOCKS	\$1.1750 (N.C.)	\$1.1650 (-.0100)	\$1.1625 (-.0025)	\$1.1625 (N.C.)	\$1.1575 (-.0050)	(-.0175)	\$1.1645 (-.0149)
NONFAT DRY MILK EXTRA GRADE	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9000 (-.0400)	\$.8950 (-.0050)	(-.0450)	\$.9230 (-.0170)
GRADE A	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	(N.C.)	\$.9000 (+.0150)
BUTTER GRADE AA	\$1.1050 (+.0100)	----	\$1.0950 (-.0100)	----	\$1.0875 (-.0075)	(-.0075)	\$1.0958 (+.0283)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 3, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.1375, 1 @ \$1.1425, 1 @ \$1.1450

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 4 CARS: 1 @ \$1.0900, 3 @ \$1.1050; BIDS UNFILLED: 4 CARS: 1 @ \$1.1000, 1 @ \$1.0975, 1 @ \$1.0950, 1 @ \$1.0925; OFFERS UNCOVERED: 1 CAR @ \$1.1500

TUESDAY, JUNE 4, 2002

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.1700, 1 @ \$1.1750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1300, 1 @ \$1.1375; 1 CAR 40# BLOCKS @ \$1.1650

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 5, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1275, 1 @ \$1.1350; 2 CARS 40# BLOCKS: 1 @ \$1.1625, 1 @ \$1.1650

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 3 CARS: 1 @ \$1.0950, 1 @ \$1.0975, 1 @ \$1.0950; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 8 CARS: 1 @ \$1.1000, 1 @ \$1.1025, 2 @ \$1.1125, 2 @ \$1.1200, 2 @ \$1.1225

THURSDAY, JUNE 6, 2002

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1575, 1 @ \$1.1675, 1 @ \$1.1625; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 7 CARS 40# BLOCKS: 1 @ \$1.1625, 1 @ \$1.1650, 1 @ \$1.1675, 1 @ \$1.1775, 1 @ \$1.1875, 1 @ \$1.1975, 1 @ \$1.2075

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$0.9000; 5 CARS GRADE A @ \$0.9000

FRIDAY, JUNE 7, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1575, 1 @ \$1.1675

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$0.8950

BUTTER — SALES: 8 CARS: 1 @ \$1.0700, 1 @ \$1.0750, 1 @ \$1.0775, 1 @ \$1.0750, 1 @ \$1.0725, 1 @ \$1.0825, 1 @ \$1.0850, 1 @ \$1.0875; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 7 CARS: 1 @ \$1.0925, 1 @ \$1.0950, 1 @ \$1.0975, 1 @ \$1.1000, 1 @ \$1.1025, 1 @ \$1.1050, 1 @ \$1.1100

BUTTER MARKETS

APRIL BUTTER PRODUCTION

During April 2002, butter production in the United States totaled 132.4 million pounds, 21.5% more than April 2001 and 2.7% higher than March 2002. The following are April to April changes for various states: CA +21.7%, NY +13.6%, PA +35.5%, WA +21.1%, and WI +30.5%.

NORTHEAST

The market tone is weak. However, the price of butter at the CME (through 6/3) has increased 7.5 cents since May 24. Price increases, according to some contacts, run counter to the current level of production, inventory, and demand. According to most reports, inventories are more than double year-ago levels and demand is lackluster at best. However, recent sales at the CME are often initiated by bids. This indicates willingness on some buyers' part to buy at higher prices. In the commercial market, contacts report a much less than enthusiastic spot demand for bulk butter. Packaged butter sales are slow to fair as retail prices remain relatively high. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

Butter markets remain weak. The AA price at the CME firmed since midweek last week, although producers and handlers continue to question strength at this time. The cash price at midweek is \$1.0950 versus \$1.9500 at this time last year. Inventories are nearly double what they were a year ago. Current butter production continues to surpass demand, thus heavy inventories continue to build. Most

producers are quite surprised at the volume of cream that is available to them at competitive prices. Butter orders are fair. Buyers indicate that they are placing orders for short term needs as long as the cash price remains basically stable. Food service orders are somewhat stronger as resort and vacation areas of the Midwest ready themselves for the summer vacation season. Bulk butter for spot sale is selling in a range of flat - 2 cents per pound over various pricing basis and often these prices are negotiable, especially if multiple loads are involved.

WEST

Butter sales activity is being rated as slower than anticipated for this time of year. Contacts are speculating that the relatively high retail prices are negatively affecting sales activity. Production remains very heavy seasonally. Temperatures over 100 degrees in the Southwest are stimulating some additional interest in cream from ice cream makers. The heat is also beginning to take the top end off the spring milk peak. Western contacts are surprised that the butter price is again above \$1.10 at the cash CME market when cumulative butter output for the year is almost 15% above a year ago. For the month of April, Western butter production is 15.3% ahead of April 2001, or more than 6 million pounds. The weekly CME storage figure increased by 2.4 million pounds this week and now totals 144.1 million pounds (more than double last year). This is the smallest weekly increase noted this year outside of the only negative figure that occurred Easter week. Current prices for bulk butter range from 5 cents to 2 cents under market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
JUN 1	1.1999 6,624,097	1.1682 13,553,480	0.8993 32,332,085	1.0366 3,985,946	0.1697 10,507,590	1.4212 2,378,891	1.4311 4,777,183

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are generally lower on cheddar and process items, unchanged on Swiss. The market tone is weak. Cheese output is heavy and expected to remain that way in the Northeast. Milk supplies are heavy and schools will soon be recessing for summer. This will push more milk into manufacturing channels. Cheese supplies are more than ample for the current slow to fair demand. June Dairy Month promotions are in full swing and there was some improved demand when store shelves or retail warehouses were being stocked. Food service orders are improving slowly in resort areas.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2425-1.7075
Cheddar Single Daisies	:	1.2000-1.6600
Cheddar 40# Block	:	1.3200-1.5300
Process 5# Loaf	:	1.3500-1.5350
Process 5# Sliced	:	1.3700-1.6475
Muenster	:	1.4025-1.6100
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Current cheese offerings exceed demand. Plant inventory levels continue to build. Current movement is generally fair at best. A few cutters are noting order improvement. Process cheese movement is spotty, often fair at best. Barrels are more available though good processing solids continue tight and held with confidence. Mozzarella interest is seasonally weak. Milk production remains seasonally heavy. Some fluid volumes continue to move inter-regionally to find a home, despite discounts. Cumulative U.S. cheddar production for the first 4 months of the year totals 968.2 million pounds, up 57.8 million pounds (6.3%) from the same period a year earlier. Total cheese output for the first 4 months in 2002 totals 2.762 billion pounds, an increase of 72.3 million pounds (2.7%). At least in part due to sluggish sales of other more perishable varieties, cheddar production has been higher.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3625-1.6100
Brick And/Or Muenster 5#	:	1.5500-1.7400
Cheddar 40# Block	:	1.5100-2.1150
Monterey Jack 10#	:	1.7400-2.1150
Blue 5#	:	1.9225-2.2800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4850-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9175-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JUNE 3 - 7, 2002
BARRELS*	:	\$1.1400 - 1.1525 (NOMINAL)
	:	(-\$.0075) (-.0250)
40# BLOCKS	:	\$1.1650 - 1.1900 (NOMINAL)
	:	(-\$.0125) (-.0350)

() Change from previous week. * If steel, barrel returned.

WEST

Natural cheese prices declined again this week after increasing for one week. A number of Western plants note that stocks are increasing and manufacturers are often having to go longer distances to find storage that is often more expensive than normal locations. Production remains seasonally heavy, though some hot weather is beginning to slow output. Some promotions are noted and they are expected to move additional volumes of cheese. Mozzarella stocks continue to grow at some locations. Swiss cheese sales activity is ranging from average to slower than anticipated. April U.S. production of Swiss cheese totals 20.6 million pounds, down 2.9% from a year earlier. American cheese production for the first four months of the year totals 1.24 billion pounds, up 6.6% from the same period last year. Output in April for the U.S. is up 8.0%. American cheese production for selected Western states compared to last year is as follows: California +8.6%, Idaho +6.7%, Oregon +34.1%, and Washington +4.8%. The Western region overall was up 8.7%.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2925-1.5525
Cheddar 40# Block	:	1.3000-1.4400
Cheddar 10# Cuts	:	1.4800-1.7000
Monterey Jack 10#	:	1.4900-1.6550
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5000

FOREIGN

Prices are steady to lower and the market tone is unchanged. Reports out of the EU note that cheese prices continue to fall and output is high. Conversely, Switzerland Swiss cheese export prices are expected to increase to EU countries. In the U.S., stocks of imported cheese are adequate to cover the slow to fair, summer-time demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.5450-3.0350*
Gorgonzola	3.2400-5.9400	2.0450-2.4900*
Parmesan (Italy)	TFEWR	2.9600-3.0150*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-5.5000	1.5475-1.7725*
Romano (Cows Milk)	-0-	2.7375-4.9175*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.6900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.6000-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-2.8900	-0-
Gouda, Large	2.3900-2.6500	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
06/03/02	67,412	138,335
05/01/02	52,956	126,129
CHANGE	14,456	12,206
% CHANGE	27	10

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	231	0	198	0	120
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is generally at peak levels throughout the region with some modest declines noted in the North. Seasonal temperatures, especially in the South, are expected to encourage lower production over the next few weeks. However, even at the lower production volumes, heavy milk supplies are expected to remain available. Florida handlers continue to ship milk out of state to manufacturing plants with loads handled exceeding the week prior. Bottling schedules are reduced due to lackluster interest following typical school recesses. Some schools still remain in session, suggesting that Class I interest will continue to decline, at least through the first half of the month. Consequently, more milk is available for manufacturing. Most facilities are operating at capacity yet some slight declines into churns is noted as milk and cream are diverted into Class II facilities. Fluid milk movement into Class III facilities is slow while steady intakes are noted into NDM processing plants. Sales of condensed skim are light as NDM is more attractively priced. Production of condensed skim is steady and supplies are sometimes burdensome. Plants attempting to divert condensed skim into dryers are not readily finding manufacturers to take supplies. Demand for condensed skim is light into Class III facilities and fair at best into Class II plants. Cream demand is higher yet supplies remain available. While ice cream production schedules are increasing, output remains below expectations for this time of year. Cream demand into cream cheese facilities is good. Cream prices are trending higher due to the higher weekly average CME butter price. Multiples are mostly unchanged to slightly lower.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3344-1.4091
DELIVERED EQUIVALENT ATLANTA	-	1.3024-1.4091 M 1.3024-1.3237
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3557-1.4305

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES -	.9200-1.0250
NORTHEAST- CLASS III - SPOT PRICES	- .7500- .9600

M I D W E S T

Class I demand is generally lighter due to lower school needs. June Dairy month/retail promotions were stimulating retail sales in selected markets. Milk supplies overall are burdensome as manufacturing milk plants continue to operate on heavy seasonal schedules. According to staffers, many plants seemed to be as full of milk this past weekend as they were for the holiday weekend. A few plant operators are starting to see milk intakes decline while others are hesitant to say whether the annual peak may have been reached. Depending on plant location, reported spot milk prices range from \$0.25 under to \$0.65 over class for area milk. Some distressed loads from other regions of the country are being delivered into the Midwest at prices ranging from under \$9.00 to around \$10.00. Condensed skim prices are competitive and interest spotty, ranging from \$0.90 - \$1.00. Reports include spot loads of condensed available from other areas at around \$.80. Cream prices are higher due to the increase in the weekly average butter price at the Chicago Mercantile Exchange. Cream interest is improving for ice cream accounts as temperatures occasionally reach into the 80's and low 90's. Ample cream supplies remain available for churning. At some locations, freezer storage space is opening up as ice cream demand improves seasonally. Cool temperatures predominated much of the past week in the upper tier of Midwestern states, although some locations reached the low 90s on Saturday. Widespread heavy rains early in the week

stopped fieldwork and left waterlogged fields, causing some localized flooding. Grass and pasture growth has picked up.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 30 - JUNE 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.00- 45.50	\$ 43.50- 50.00
REPLACEMENT HEIFER CALVES	\$600.00-690.00	\$370.00-505.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 30 - JUNE 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 47.00	\$ 40.00- 51.50

W E S T

The May 4a price (butter/powder) in CALIFORNIA is \$10.23, down \$0.50 from April and \$4.54 lower than last year. This compares to the Federal Order Class IV price for May at \$10.57. The May 4b price (cheese) is \$10.23, down \$0.36 from April and \$3.93 lower than last year. This compares to the Federal Order Class III price for May at \$10.82. California milk production levels remain seasonally heavy at or near seasonal peak levels across the state. Areas in the south have passed the peak, while areas in the north are seeing output still increase. There remains plenty of milk in the state for all needs and milk is coming into the state to find processing homes. Balancing plants are running on full schedules to help out. Some cheese plants are trying to gear down to avoid building inventories, but most are having to run to help handle milk supplies. Hotter weather conditions were occurring over much of the state and temperatures were sometimes the highest seen this year so far. The effects on cows are minimal so far, but continuation of hot weather could begin to impact the herds. On Monday June 3, the California Department of Food and Agriculture (CDFA) issued a press release stating in part, "A preliminary diagnosis of bovine tuberculosis in dairy cattle in Tulare County has prompted the CDFA to quarantine the herd, and to test additional herds that have been in contact with the infected animals. Confirmation of the preliminary diagnosis is anticipated by mid-week. The quality and safety of milk and meat products in California are not threatened by this animal disease. Almost all milk sold in California is pasteurized, which destroys organisms that could be harmful to humans." More information is available on the CDFA website (www.cdfa.ca.gov). Output in ARIZONA is seasonally declining as daytime high temperatures continually surpass the 100 degree mark. Nighttime lows are still comfortable which is helping to keep production up. Milk production levels in New Mexico are still strongly higher than a year ago. Hotter weather has not impacted production as much as expected. There are reports that a limited amount of milk was dumped in the state because of lack of hauling and processing capacity. CREAM markets remain weak. Some additional interest is developing from ice cream accounts as hot conditions invade the region. Cream continues to end up in churns to process. Out of region shipments are slow beyond contracted amounts. The butter price was higher last week, but overall demand remains weak. Western multiples are slightly higher and range from 105 to 125 range, F.O.B. Milk output in the PACIFIC NORTHWEST continues at near peak levels. Good pasture conditions and the availability of new crop hay are helping to hold milk output at peak levels. Quality on much of the new crop hay in the region is suspect as reports indicate that as much as 60% of the first cutting has been rained on. The quality ranges from still quite good to downgraded to feeder hay. Manufacturing plants are operating on extended schedules, but are able to handle the milk offerings efficiently. Surplus milk offerings may increase in the next two weeks as more schools close for the summer recess. Surplus milk supplies in the INTERMOUNTAIN REGION remain heavy. Some plant closures and marketing changes are pushing additional milk supplies into existing manufacturing facilities. Many plant operators believe that peak milk production may be a little ways off yet because of the late start to the hay harvest and the cool weather conditions. The first extended hot spell of the summer usually means the end of peak milk production. Hay yields are often less than anticipated due to the cool spring and frost cutting back on good growing conditions.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are mostly unchanged. Heavy movement into the CCC is balancing NDM supplies nationally. Some locations are only offering spot supplies at the support price of 90 cents while others are willing to clear supplies at a discount to guarantee movement during seasonally heavy milk production. Low heat production is steady to higher in response to the heavier milk supplies. Spot interest is best into ice cream, cheese and some brokerage facilities. Imported MPC is reportedly competitive with NDM into some cheese plants. Speculation of a possible tilt change remains, even with the recently announced continuance of the support program. High heat trading is light and mostly contractual.

EAST: The market tone is mostly steady. While some price adjustments are being made lower at the higher end of the range, producers are generally attempting to gain premium pricing at the 90 cent support level. Demand is improving, especially as NDM prices are more attractive than condensed skim into some locations. The possibility of a tilt change appears less eminent, also encouraging spot activity. Production is heavy. Most drying facilities are operating at capacity and effectively managing heavy volumes of milk. Spot interest in high heat is noted into some bakery operations. Eastern plants continue to offer NDM to the CCC.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during April 2002 totaled 157.3 million pounds, up 19.4% from April 2001 and 6.4% above March 2002. Month ending stocks, at 155.3 million pounds, are 22.2% above a year ago but 1.6% lower than March 2002.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8900 - .9500 MOSTLY: .8900 - .9000
HIGH HEAT: .9300 - 1.0000

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are slightly lower on the top end of the range and there were slight decreases in program pricing levels effective this week. Milk supplies are heavy in the region and cheese makers are pushing off as much milk as possible, which is ending up in the NDM dryers to process. Plants are running full out. Sales to the CCC under the support program remain heavy and are expected to continue indefinitely. During the week of May 27 - 31, adjusted support program purchases totaled 22,517,851 pounds of NDM with 18,412,817 pounds from the West. High heat prices are holding mostly steady with only slight declines within the range noted. Demand is seasonally light. Production is being delegated to plants with capacity as producers attempt to just process milk supplies. Stocks are heavy. U.S. NDM production in April totaled 157.3 million pounds, up 19.4% from last year and 6.4% higher than March. April production in the West region totaled 111.3 million pounds, up 18.4% from last year. California totaled 68.2 million pounds, up 13.0% from last year. Washington totaled 16.8 million pounds, up 5.8% from last year. U.S. manufacturers' stocks at the end of April were reported at 155.3 million pounds, up 22.2% from last year but down 1.6% from last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8700 - .9575 MOSTLY: .8900 - .9000
HIGH HEAT: .9150 - .9500

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 31	\$.8993	13,223,543	9,971,631
May 24	\$.8993*	14,024,583*	10,043,582*

*revisions

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a mostly steady market. While supplies are reportedly heavy, producers have no incentive to lower prices given the lackluster interest. With some ice cream plants increasing production schedules, buttermilk producers pine for the seasonally heavy orders expected from ice cream producers. Condensed supplies are heavy with some plants unable to clear excess supplies at substantial discounts. Dry buttermilk production during April 2002 totaled 5.7 million pounds, up 21.8% from April 2001 but 1.1% lower than March 2002. Month ending stocks, at 12.3 million pounds, are 228.9% above last year and 16.4% higher than last month.

F.O.B. CENTRAL: .8000 - .9000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower on a weak market. Butter churning activity is generally steady, encouraging buttermilk production. Stocks are heavy and building. Resale supplies are available for the light interest. Manufacturer discounts are not enticing increased interest in buttermilk. Some condensed supplies are being more readily diverted into ice cream facilities as ice cream demand slowly increases. Drying schedules are steady to slightly reduced. Dry buttermilk production during April 2002 totaled 5.7 million pounds, up 21.8% from April 2001 but 1.1% lower than March 2002. Month ending stocks, at 12.3 million pounds, are 228.9% above last year and 16.4% higher than last month.

F.O.B. NORTHEAST: .7800 - .8350
DELVD SOUTHEAST: .8000 - .8650

DRY BUTTERMILK - WEST

Prices continue to trickle lower in attempts to seek a place where buying interest will develop. However, demand remains very light and most often limited to immediate needs. Producers have been reluctant to lower prices, but found their inventory levels building. Production is heavy and at levels higher than desired. Current stocks remain heavy. U.S. dry buttermilk production in April totaled 5.7 million pounds, up 21.8% from last year but 1.1% lower than March. Stocks at the end of April were reported at 12.3 million pounds, up 228.9% from a year earlier and 16.4% above March.

F.O.B. WEST: .8000 - .8500 MOSTLY: .8200 - .8300

DRY WHOLE MILK - NATIONAL

Prices are lower in response to class prices announced last week. Production is light as heavy milk supplies are diverted into less time consuming processing facilities. Spot interest is light. Some off grade supplies are trading below the range. Whole milk production during April 2002 totaled 2.5 million pounds, down 25.4% from April 2001 but 28.4% above March 2002. Month ending stocks are not reported for this product.

F.O.B. PRODUCING PLANT: 1.1150 - 1.1850

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH MAY 31, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)
This program-year's allocation is filled.

CHEESE -- 3,495 MT (7,705,077 LBS)
CHANGE -- 465 MT (1,025,139 LBS)#
This program-year's allocation is filled.
Reallocated volumes.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY – CENTRAL

Prices are unchanged to lower on a weak market. Spot loads are clearing at a discount, especially for multiple loads into feed and export markets. Production is strong as seasonally heavy milk volumes clear into cheese facilities. Inventories are heavy and building as some plants opt to store product instead of clearing supplies at a discount. Producers are seeking to contract supplies through the end of the year or into the next quarter. Summer temperatures are hoped to reduce milk production and increase demand for dairy products. Production of human food, dry whey during April 2002 totaled 89.2 million pounds, 7.0% more than April 2001 but 2.8% below March 2002. Month ending stocks, at 40.5 million pounds, are 38.7% above a year ago but 5.0% less than March 2002.

F.O.B. CENTRAL: .1425 - .1650 MOSTLY: .1550 - .1650

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower on a weak market. Some spot sales of Grade A product are trending lower. Extra Grade prices remain unchanged. Supplies are more in balance than stocks reported in the Central region. Producers are also less inclined to discount supplies. However, due to lackluster interest, price negotiations may help initiate sales. Production is steady to higher due to heavy milk intakes into cheese facilities. Production of human food, dry whey during April 2002 totaled 89.2 million pounds, 7.0% more than April 2001 but 2.8% below March 2002. Month ending stocks, at 40.5 million pounds, are 38.7% above a year ago but 5.0% less than March 2002.

F.O.B. NORTHEAST:	EXTRA GRADE	.1625 - .1675
	USPH GRADE A	.1725 - .1900
DELVD SOUTHEAST:		.1825 - .1950

DRY WHEY – WEST

Prices were somewhat mixed for Western whey, but the market remains weak. Inventories are heavier than desired at more locations. If someone needs to move a volume of powder, prices need to move lower to get any buyer interest. A tender from the Far East is due at the end of the week and there is some speculation that the U.S. may have a good shot at getting some of it. Whey production remains very heavy in the West, well above anticipated levels. U.S. output in April was up 7.0% to 89.2 million pounds. Western output was up 3.8% to 24.6 million pounds. U.S. stocks at the end of April total 40.5 million pounds, up 38.7% from a year earlier.

NONHYGROSCOPIC: .1500 - .1750 MOSTLY: .1550 - .1700

ANIMAL FEED WHEY - CENTRAL

Prices are generally unchanged. Milk replacer supplies are light and interest is nominal, especially as higher quality Extra Grade supplies are readily available at attractive prices. Roller ground prices are unchanged in response to steady Extra Grade whey prices reported the week prior. Delactose supplies are building at some plant locations due to customer contract cancellations. However, plants that can divert supplies to food accounts are reportedly unfettered by growing stocks as demand for cold pack and process cheese items is expected to improve during the summer. Production of animal feed dry whey during April 2002 totaled 5.2 million pounds, 16.4% lower than a year ago but 11.1% more than March 2002. Month ending stocks, at 1.5 million pounds, are 65.3% below a year ago but 33.6% higher than last month.

F.O.B. CENTRAL:	
MILK REPLACER:	.1350 - .1550
ROLLER GROUND:	.1525 - .1900
DELACTOSE (Min. 20% protein):	.3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Trading activity is increasing as an influx of high protein imports offers an impetus for 34% WPC producers to competitively clear stocks. Offerings are heavy for the light feed interest. Summer production of ice cream is hoped to increase 34% WPC demand and perhaps alleviate some of the heavy stocks. Export movement is light as alternative protein sources are often more attractively priced. However, some spot interest is reported into Asia and Mexico. Off grade supplies of high protein and 34% WPC are available for the light interest. Production of HUMAN FOOD WPC during April 2002 totaled 26.2 million pounds, up 10.8% from April 2001 but 2.6% below March 2002. Manufacturers end-of-month stocks totaled 24.5 million pounds, 96.4% higher than a year ago but 0.7% below last month. Production of ANIMAL FEED WPC during April 2002 totaled 3.0 million pounds, down 23.8% from April 2001 and 10.5% below March 2002. Manufacturers end-of-month stocks totaled 1.5 million pounds, 36.6% below last year but 17.3% higher than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .4250 - .5200 MOSTLY: .4725 - .4975

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. Negotiations for third quarter are commencing as buyers attempt to secure lower prices and producers seek commitments for supplies that are balanced to heavy. Production is unchanged to heavier in light of increased milk intakes into cheese vats. Offerings are heavy with most spot trades reported at the lower end of the range. Inquiries from Australia, Korea, China and Malaysia are being reported. Feed grade product is readily available at prices below the bottom of the range. Lactose production during April 2002 totaled 47.6 million pounds, up 13.8% from April 2001 but 3.5% below March 2002. Month ending stocks, at 34.4 million pounds, are 31.6% higher than a year ago and 4.2% above last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1400 - .2625 MOSTLY: .1500 - .2000

CASEIN – NATIONAL

Casein markets remain weak with prices basically unchanged to lower. Stocks of acid and rennet are reported to be sufficient for immediate needs. In many instances, buyers are purchasing for near term needs only. Some domestic buyers continue to explore the possibility of casein production in the U.S. Others associated with protein markets are also looking at the opportunity. Following the announcement by the EU Management Committee of the 33% production aid increase for European casein production, some potential U.S. producers are now questioning what impact this will have on future European pricing in comparison to domestic U.S. production.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.1500 - 2.2500
ACID:	1.8000 - 2.1000

EVAPORATED MILK - NATIONAL

Prices are unchanged on a steady market. Most interest is contractual. Production remains heavy due to the seasonal influx of milk. Canned evaporated milk production during April 2002, totaled 34.2 million pounds, 11.5% less than April 2001 and 15.1% less than March 2002. Month ending stocks, at 51.1 million pounds, are 13.4% less than a year ago but 17.1% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	05/22	05/23	05/24	05/27	05/28	05/29	05/30	05/31	06/03	06/04
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
MAY 02	10.81 (1734) 1	10.81 (1729) 0	10.81 (1729) 3	NO TRADING	10.81 (1800) 174	10.81 (1800) 0	10.81 (1704) 0	10.82		
JUN 02	10.67 (2640) 7	10.65 (2646) 39	10.60 (2647) 5		10.56 (2650) 46	10.50 (2665) 31	10.55 (2685) 95	10.45 (2685) 1	10.45 (2678) 9	10.40 (2611) 6
JUL 02	11.33 (2876) 21	11.37 (2877) 57	11.26 (2877) 9		11.22 (2887) 233	11.07 (2901) 48	11.25 (2926) 108	11.05 (2932) 10	11.00 (2944) 32	10.99 (2982) 66
AUG 02	12.03 (2217) 16	12.07 (2223) 6	11.95 (2227) 9		11.80 (2233) 40	11.70 (2250) 30	11.90 (2285) 99	11.89 (2285) 17	11.85 (2320) 79	11.83 (2365) 51
SEP 02	12.50 (2406) 20	12.55 (2415) 19	12.45 (2424) 24		12.30 (2436) 62	12.15 (2453) 41	12.22 (2455) 58	12.41 (2451) 16	12.30 (2513) 103	12.26 (2608) 162
OCT 02	12.22 (1663) 11	12.27 (1675) 20	12.20 (1681) 20		12.05 (1703) 53	11.83 (1710) 27	11.90 (1720) 13	12.00 (1722) 3	11.84 (1760) 57	11.86 (1786) 26
NOV 02	11.85 (1014) 25	11.87 (1013) 3	11.85 (1015) 3		11.65 (1015) 29	11.55 (1030) 18	11.80 (1039) 20	11.85 (1039) 0	11.84 (1061) 33	11.83 (1061) 1
DEC 02	11.60 (785) 14	11.63 (784) 8	11.64 (785) 2		11.45 (790) 11	11.36 (802) 20	11.55 (798) 16	11.75 (798) 0	11.75 (802) 16	11.74 (802) 0
JAN 03	11.40 (109) 10	11.40 (109) 0	11.41 (109) 2		11.41 (110) 1	11.40 (117) 10	11.41 (118) 1	11.51 (118) 3	11.50 (123) 5	11.50 (123) 0
FEB 03	11.31 (89) 4	11.30 (89) 0	11.31 (89) 0		11.31 (91) 2	11.33 (91) 1	11.33 (92) 1	11.40 (92) 0	11.40 (92) 0	11.42 (94) 2
MAR 03	11.33 (99) 1	11.33 (99) 0	11.34 (99) 0		11.34 (99) 1	11.36 (100) 2	11.36 (100) 0	11.36 (100) 0	11.36 (100) 0	11.36 (100) 0
APR 03	11.45 (67) 1	11.45 (67) 0	11.46 (67) 0		11.46 (68) 1	11.48 (69) 1	11.48 (69) 0	11.48 (69) 0	11.48 (69) 0	11.48 (69) 0
MAY 03	11.63 (50) 0	11.63 (50) 0	11.64 (50) 0		11.64 (51) 1	11.64 (51) 1	11.64 (51) 0	11.64 (51) 0	11.64 (51) 0	11.64 (51) 0
JUN 03	12.15 (7) 0	12.15 (7) 0	12.16 (7) 0		12.16 (8) 1	12.16 (8) 0	12.16 (8) 0	12.16 (8) 0	12.16 (9) 1	12.16 (9) 0

CME - CLASS IV MILK FUTURES - Dollars per cwt.

MAY 02	10.63 (196) 0	10.63 (196) 0	10.63 (196) 0	NO TRADING	10.63 (196) 0	10.63 (196) 0	10.63 (189) 0	10.57		
JUN 02	10.70 (380) 0	10.70 (380) 0	10.70 (380) 0		10.70 (380) 0	10.70 (380) 0	10.70 (380) 0	10.70 (380) 0	10.70 (380) 0	10.70 (380) 0
JUL 02	10.85 (473) 0	10.85 (469) 5	10.85 (469) 0		10.85 (469) 0	10.85 (469) 0	10.85 (469) 0	10.85 (504) 118	10.85 (504) 0	10.85 (504) 0
AUG 02	10.85 (478) 0	10.85 (467) 11	10.85 (467) 3		10.75 (467) 0	10.75 (467) 0	10.75 (467) 0	10.75 (464) 3	10.70 (464) 0	10.70 (464) 0
SEP 02	11.00 (420) 0	11.00 (420) 0	11.00 (420) 3		10.85 (420) 0	10.85 (420) 0	10.85 (420) 0	10.85 (420) 0	10.85 (420) 0	10.85 (420) 0
OCT 02	11.00 (377) 0	11.00 (377) 0	11.00 (374) 3		10.85 (374) 0	10.85 (374) 0	10.85 (374) 0	10.85 (374) 0	10.85 (374) 0	10.85 (374) 0
NOV 02	10.95 (275) 0	10.95 (275) 0	10.95 (275) 0		10.90 (275) 0	10.90 (275) 0	10.90 (275) 0	10.90 (275) 0	10.90 (275) 0	10.90 (275) 0
DEC 02	10.90 (119) 0	10.90 (119) 0	10.90 (119) 0		10.90 (119) 0	10.90 (119) 0	10.90 (119) 0	10.80 (119) 0	10.80 (119) 0	10.80 (119) 0
JAN 03	11.13 (50) 0	11.13 (50) 0	11.13 (50) 0		11.13 (50) 0	11.13 (50) 0	11.13 (50) 0	11.13 (50) 0	11.13 (50) 0	11.13 (50) 0
FEB 03	11.30 (38) 0	11.30 (38) 0	11.30 (38) 0		11.30 (38) 0	11.30 (38) 0	11.30 (38) 0	11.30 (38) 0	11.30 (38) 0	11.30 (38) 0
MAR 03	11.25 (20) 0	11.25 (20) 0	11.25 (20) 0		11.25 (20) 0	11.25 (20) 0	11.25 (20) 0	11.25 (20) 0	11.25 (20) 0	11.25 (20) 0
APR 03	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0		11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0

CME - BUTTER FUTURES -- Cents per pound

JUL 02	105.00 (379) 1	105.50 (379) 3	105.00 (378) 2	NO TRADING	105.50 (377) 8	107.25 (377) 1	107.25 (374) 9	110.50 (374) 20	112.50 (375) 5	111.00 (375) 1
SEP 02	107.52 (284) 2	108.00 (287) 5	107.50 (287) 2		108.00 (286) 1	110.00 (287) 2	109.50 (288) 5	112.00 (289) 11	114.50 (292) 3	113.50 (293) 4
OCT 02	109.75 (240) 0	109.50 (240) 1	109.00 (231) 9		109.00 (231) 0	109.00 (231) 0	110.00 (231) 0	113.00 (231) 0	115.00 (231) 2	115.25 (232) 2
DEC 02	110.00 (47) 0	110.00 (47) 0	110.00 (47) 0		110.50 (47) 0	110.50 (47) 0	111.00 (47) 0	113.00 (47) 0	113.00 (47) 0	114.00 (47) 0

CME - NONFAT DRY MILK FUTURES -- Cents per pound

JUL 02	88.00 (9) 0	88.00 (9) 0	88.00 (9) 0	NO TRADING	88.00 (9) 0	88.00 (9) 0	88.00 (9) 0	88.00 (8) 1	89.85 (8) 0	89.85 (8) 0
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1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 27 - June 7, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk volumes throughout most of Europe are reported to be at seasonal high levels, although more milk handlers are indicating that the peak, for the most part, has passed. Weather conditions in many areas of Europe were very conducive early in the spring, which provided for a positive/early start to the season. At the most recent EU Management Committee meeting the last week of May, intervention figures for butter and skim milk powder were released. Offerings continue to increase for both items. Skim milk powder totals are now placed at 84,000 MT with butter totaling 97,000 MT. The question now being asked by many is when will the maximum SMP volume be reached. More and more handlers and traders feel that the 109,000 MT level for skim milk powder will be breached and then a tendering system will be implemented. Another significant move by the Management Committee was the announcement of a 33% production aid increase for casein. Producers and handlers are still unsure on the total impact this will have on the casein industry. At this point, casein supplies are relatively heavy. Another factor that European casein producers are closely monitoring is the potential development of casein production in the United States, especially when the U.S. is a major export market for European production. Recently, USDA's Commodity Credit Corporation, the agency that purchases surplus dairy products, announced that 300 million pounds (136,000 mt) of 2 year old government owned skim milk powder is being made available for sale for the production of casein or caseinate on a competitive bid basis. The first bids are due by June 10, thus it is too early for European producers to anticipate or react to this potential market development. With milk production strong throughout most of Europe, manufacturing schedules for all dairy products are very active. Slow international buyer interest is causing inventories to build to the point that some handlers are questioning how to efficiently manage increasing stocks. Some producers, handlers, and traders are reporting that they are already running into presold Oceania offerings of the new production season, which only gets underway in August.

BUTTER/BUTTEROIL: Butter markets remain weak with prices basically unchanged. Churning activity is seasonally active as milk volumes are heavy. Stocks of butter continue to surpass demand, thus large volumes are being offered to intervention and PSA. Sales continue to center around internal or domestic needs with international sales slow and virtually non existent.

82% BUTTERFAT: 1,000 - 1,100
99% BUTTERFAT: 1,250 - 1,350

SKIM MILK POWDER (SMP): Skim milk powder prices are generally steady, although the market tone remains weak. European traders continue to report light international buyer interest, especially when powder is available elsewhere in the world at lower prices. Some traders are reporting that the Oceania region is already negotiating sales of new production for August/September delivery. Surplus SMP continues to clear to intervention. Now most traders and handlers are of the opinion that the 109,000 MT intervention level will be reached.

1.25% BUTTERFAT: 1,200 - 1,300

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Sales activity remains slow and unaggressive. Buyer interest that is occurring is for small lot volumes or immediate shipment. Often, the immediate shipment requests are hard to fill due to paperwork logistics that are involved. Whole milk powder production is seasonally strong due to the heavy volumes of available milk.

26% BUTTERFAT: 1,250 - 1,350

SWEET WHEY POWDER: Whey markets are steady to firm. Prices have fluctuated higher and lower all spring and now they are in an upward trend. Stocks are sufficient to meet current domestic needs with prices usually higher than international buyers are willing to pay. A Japanese whey tender is due next week with many European producers and handlers feeling that prices will be too high.

NONHYGROSCOPIC: 375 - 470

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe continues to increase, although some areas are reporting the peak has been reached. This season's milk volumes are heavier than last year, thus manufacturing schedules are equally heavier. Stocks of manufactured dairy products are building seasonally, although the recent sale to Algeria has earmarked a good portion of this season's output. Other international sales activity is reported as slow.

OCEANIA

OVERVIEW: Most dairy manufacturing plants in Australia and New Zealand have closed for the winter months. The production season has now basically ended for the 2001 - 2002 production year. Reports are indicating that milk output in New Zealand was up 5.4% on the previous year while 6.1% higher in Australia. Contacts in both countries indicate that yearly production figures are stronger than projected. Both countries realized a stronger than usual finish to the season which pushed annual totals higher. Stocks of manufactured dairy products are in good balance for projected needs during the next 2 - 3 months. Although there are some stocks available for potential buyers, no significant volumes are being classified as uncommitted. Oceania handlers and traders continue to monitor dairy markets throughout the world and, when necessary, are adjusting their marketing and pricing strategies accordingly. Most handlers and traders indicate that they should be in good balance, supply/demand wise, until the start of the new production season in August. International buyer interest remains light and unaggressive. Oceania sales activity continues to center around regular and ongoing customer needs. Oceania traders indicate that buyer interest that is occurring is generally for limited volumes and often immediate or very near term shipment. Some Oceania traders feel that they will basically be out of the potential new buyer interest loop due to their balanced supply situation during the upcoming winter months or until the new production season resumes.

BUTTER: Oceania butter markets and prices are weak. Producers and handlers are stating that the production season has ended thus future orders are being filled from inventoried stocks. For the most part, handlers indicate that stocks are in balance with projected needs, although some butter is still classified as available for sale. Although there are unsold supplies, handlers are generally very comfortable with their supply situation.

82% BUTTERFAT: 925 - 1,000

CHEDDAR CHEESE: Cheese markets are weak with prices unchanged to generally lower. Oceania stock levels are reported to be readily available and sufficient for known upcoming needs. In instances, some discounting is occurring to clear stocks of cheese that have aged longer than buyers are accustomed to using. Overall sales continue to center around regular customer needs.

39% MAXIMUM MOISTURE: 1,500 - 1,700

SKIM MILK POWDER (SMP): Skim milk powder markets and prices remain weak. Some traders indicated that they hoped that recent sales activity out of Europe might have triggered renewed international buyer interest, but this scenario did not develop. Stocks of Oceania powder are reported to be in good balance with projected needs. For the most part, traders feel that they will basically be out of the market until August, the start of the new milk production season.

1.25% BUTTERFAT: 1,200 - 1,275

WHOLE MILK POWDER (WMP): Whole milk powder markets are also weak, although prices are holding steady on the low end of the reported range. Often, Oceania produced whole milk powder prices are lower to remain competitive with lower prices elsewhere in the world. Stocks are sufficient for current and projected needs during the upcoming winter months. Some powder is reported to be available for spot buyer interest, although most traders are very comfortable with current inventories.

26% BUTTERFAT: 1,200 - 1,275

Exchange rates for selected foreign currencies: JUNE 3, 2002

.6547 Canadian Dollar	.0204 Indian Rupee
.2762 Argentina Peso	.4867 New Zealand Dollar
.1036 Mexican Peso	.5718 Australian Dollar
1.4634 British Pound	.0081 Japanese Yen
.2487 Polish Zloty	.9403 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1036) = 9.6525$.
That is 1 US Dollar equals 9.6525 Mexican Pesos.
Source: "Wall Street Journal"

COMMODITY	:REPORT NUMBER 18 :		:REPORT NUMBER 19 :		:REPORT NUMBER 20 :		:REPORT NUMBER 21 :		:REPORT NUMBER 22 :		2002	2001
	: MAY 01- 03 :		: MAY 06 - 10 :		: MAY 13 - 17 :		: MAY 20 - 24 :		: MAY 27 - 31 :		Average or Total	Average or Total
CHEESE												
MIDWEST COMMODITY CHEDDAR												
-- Cheddar Barrels	: 1.2225 - 1.2400 :	: 1.2100 - 1.2275 :	: 1.1800 - 1.1950 :	: 1.1475 - 1.1800 :	: 1.1475 - 1.1775 :	: 1.1906	: 1.5825					
-- Cheddar 40# Blocks	: 1.2350 - 1.2800 :	: 1.2225 - 1.2675 :	: 1.1800 - 1.2425 :	: 1.1900 - 1.2150 :	: 1.1775 - 1.2250 :	: 1.2214	: 1.6028					
WISCONSIN (WSP, Delivered, LTL)												
-- Process American 5# Loaf	: 1.4450 - 1.6100 :	: 1.4325 - 1.6100 :	: 1.3975 - 1.6100 :	: 1.3725 - 1.6100 :	: 1.3875 - 1.6100 :	: 1.5072	: 1.8076					
-- Brick And/Or Muenster 5#	: 1.5500 - 1.8075 :	: 1.5500 - 1.7950 :	: 1.5500 - 1.7675 :	: 1.5500 - 1.7500 :	: 1.5500 - 1.7600 :	: 1.6619	: 1.9956					
-- Cheddar 40# Block	: 1.5100 - 2.1150 :	: 1.5100 - 2.1150 :	: 1.5100 - 2.1150 :	: 1.5100 - 2.1150 :	: 1.5100 - 2.1150 :	: 1.8125	: 1.9684					
-- Monterey Jack 10#	: 1.7400 - 2.1150 :	: 1.7400 - 2.1150 :	: 1.7400 - 2.1150 :	: 1.7400 - 2.1150 :	: 1.7400 - 2.1150 :	: 1.9275	: 2.1245					
-- Blue 5#	: 1.9900 - 2.2800 :	: 1.9775 - 2.2800 :	: 1.9500 - 2.2800 :	: 1.9325 - 2.2800 :	: 1.9425 - 2.2800 :	: 2.1182	: 2.3831					
-- Mozzarella 5 - 6#	: 1.5400 - 2.2150 :	: 1.5400 - 2.2150 :	: 1.5125 - 2.2150 :	: 1.4950 - 2.2150 :	: 1.5050 - 2.2150 :	: 1.8661	: 2.0234					
-- Grade A Swiss Cuts 6 - 9#	: 2.0675 - 2.6850 :	: 2.0675 - 2.6850 :	: 2.0175 - 2.6850 :	: 1.9175 - 2.6850 :	: 1.9175 - 2.6850 :	: 2.3399	: 2.4059					
NORTHEAST (WSP, Delivered, LTL)												
-- Cheddar 10# Prints	: 1.3100 - 1.7750 :	: 1.2975 - 1.7625 :	: 1.2700 - 1.7350 :	: 1.2525 - 1.7175 :	: 1.2625 - 1.7275 :	: 1.5089	: 1.8543					
-- Cheddar Single Daisies	: 1.2675 - 1.7275 :	: 1.2550 - 1.7150 :	: 1.2275 - 1.6875 :	: 1.2100 - 1.6700 :	: 1.2200 - 1.6800 :	: 1.4639	: 1.8068					
-- Cheddar 40# Block	: 1.3850 - 1.5975 :	: 1.3725 - 1.5850 :	: 1.3450 - 1.5575 :	: 1.3300 - 1.5400 :	: 1.3400 - 1.5500 :	: 1.4581	: 1.8056					
-- Process 5# Loaf	: 1.4350 - 1.6200 :	: 1.4225 - 1.6075 :	: 1.3875 - 1.5725 :	: 1.3625 - 1.5475 :	: 1.3775 - 1.5625 :	: 1.4869	: 1.8351					
-- Process 5# Sliced	: 1.4550 - 1.7325 :	: 1.4425 - 1.7200 :	: 1.4075 - 1.6850 :	: 1.3825 - 1.6600 :	: 1.3975 - 1.6750 :	: 1.5532	: 1.9015					
-- Muenster	: 1.4700 - 1.6775 :	: 1.4575 - 1.6650 :	: 1.4300 - 1.6375 :	: 1.4125 - 1.6200 :	: 1.4225 - 1.6300 :	: 1.5401	: 1.8831					
-- Grade A Swiss Cuts 10 - 14#	: 2.3500 - 2.5500 :	: 2.3500 - 2.5500 :	: 2.3500 - 2.5500 :	: 2.3500 - 2.5500 :	: 2.3500 - 2.5500 :	: 2.4500	: 2.4500					
WEST COAST (WSP, Delivered, LTL)												
-- Process 5# Loaf	: 1.3775 - 1.6375 :	: 1.3650 - 1.6250 :	: 1.3300 - 1.5900 :	: 1.3050 - 1.5650 :	: 1.3200 - 1.5800 :	: 1.4669	: 1.8240					
-- Cheddar 40# Block	: 1.3675 - 1.5075 :	: 1.3550 - 1.4950 :	: 1.3275 - 1.4675 :	: 1.3100 - 1.4500 :	: 1.3200 - 1.4600 :	: 1.4039	: 1.7763					
-- Cheddar 10# Cuts	: 1.5475 - 1.7675 :	: 1.5350 - 1.7550 :	: 1.5075 - 1.7275 :	: 1.4900 - 1.7100 :	: 1.5000 - 1.7200 :	: 1.6239	: 1.9868					
-- Monterey Jack 10#	: 1.5575 - 1.7225 :	: 1.5450 - 1.7100 :	: 1.5175 - 1.6825 :	: 1.5000 - 1.6650 :	: 1.5100 - 1.6750 :	: 1.6064	: 1.9668					
-- Grade A Swiss Cuts 6 - 9#	: 2.3600 - 2.5300 :	: 2.3600 - 2.5300 :	: 2.3600 - 2.5300 :	: 2.3600 - 2.5300 :	: 2.3300 - 2.5000 :	: 2.4395	: 2.4275					
FLUID AND DRY PRODUCTS												
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)												
-- Northeast - f.o.b.	: 1.3860 - 1.5015 :	: 1.2920 - 1.4320 :	: 1.2667 - 1.3913 :	: 1.3410 - 1.4509 :	: 1.3000 - 1.3832 :	: 1.3697	: 2.4797					
-- Atlanta - d.lvd. equiv.	: 1.3745 - 1.5015 :	: 1.3028 - 1.4212 :	: 1.2563 - 1.3809 :	: 1.3300 - 1.4619 :	: 1.2688 - 1.3832 :	: 1.3637	: 2.4897					
-- Upper Midwest - f.o.b.	: 1.3976 - 1.4900 :	: 1.3459 - 1.4105 :	: 1.2771 - 1.3394 :	: 1.2360 - 1.4509 :	: 1.2896 - 1.3728 :	: 1.3548	: 2.4781					
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.												
-- Class II	: 0.9550 - 1.0250 :	: 0.9550 - 1.0250 :	: 0.9200 - 1.0250 :	: 0.9200 - 1.0250 :	: 0.9200 - 1.0250 :	: 0.9789	: 1.1200					
-- Class III	: 0.7500 - 0.9600 :	: 0.7500 - 0.9600 :	: 0.7500 - 0.9600 :	: 0.7500 - 0.9600 :</								

MONTHLY SUMMARY AND AVERAGES FOR MAY 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 18	REPORT NUMBER 19	REPORT NUMBER 20	REPORT NUMBER 21	REPORT NUMBER 22	2002	2001
	MAY 01- 03	MAY 06 - 10	MAY 13 - 17	MAY 20 - 24	MAY 27 - 31	Average	Average
						or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.8500 - 0.9525	:: 0.8800 - 0.9525	:: 0.8900 - 0.9525	:: 0.8900 - 0.9525	:: 0.8900 - 0.9525	:: 0.9174	:: N. A.
-- Mostly	:: 0.8500 - 0.9000	:: 0.8800 - 0.9000	:: 0.8900 - 0.9000	:: 0.8900 - 0.9000	:: 0.8900 - 0.9000	:: 0.8911	:: N. A.
-- High Heat	:: 0.9100 - 0.9825	:: 0.9300 - 0.9825	:: 0.9300 - 1.0000	:: 0.9300 - 1.0000	:: 0.9300 - 1.0000	:: 0.9605	:: N. A.
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.8600 - 0.9650	:: 0.8600 - 0.9625	:: 0.8800 - 0.9600	:: 0.8700 - 0.9600	:: 0.8700 - 0.9600	:: 0.9149	:: 1.0134
-- Mostly	:: 0.8950 - 0.9000	:: 0.8950 - 0.9000	:: 0.8950 - 0.9000	:: 0.8900 - 0.9000	:: 0.8900 - 0.9000	:: 0.8965	:: 1.0118
-- High Heat	:: 0.9150 - 0.9500	:: 0.9150 - 0.9325	:: 0.9150 - 0.9400	:: 0.9150 - 0.9500	:: 0.9150 - 0.9500	:: 0.9294	:: 1.0597
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.1725 - 0.1825	:: 0.1700 - 0.1800	:: 0.1600 - 0.1750	:: 0.1600 - 0.1700	:: 0.1600 - 0.1650	:: 0.1691	:: 0.2684
-- Mostly	:: 0.1775 - 0.1825	:: 0.1700 - 0.1750	:: 0.1600 - 0.1700	:: 0.1600 - 0.1650	:: 0.1600 - 0.1650	:: 0.1677	:: 0.2671
-- West (f.o.b.)	:: 0.1600 - 0.2000	:: 0.1550 - 0.2000	:: 0.1500 - 0.2000	:: 0.1500 - 0.1800	:: 0.1500 - 0.1725	:: 0.1715	:: 0.2551
-- Mostly	:: 0.1700 - 0.2000	:: 0.1600 - 0.1850	:: 0.1600 - 0.1750	:: 0.1600 - 0.1750	:: 0.1600 - 0.1700	:: 0.1706	:: 0.2606
-- Northeast Extra Grade (f.o.b.)	:: 0.1800 - 0.1850	:: 0.1800 - 0.1850	:: 0.1650 - 0.1775	:: 0.1650 - 0.1700	:: 0.1625 - 0.1675	:: 0.1734	:: 0.2685
-- Northeast Usph Grade A(f.o.b.)	:: 0.1950 - 0.2125	:: 0.1950 - 0.2125	:: 0.1875 - 0.2050	:: 0.1800 - 0.2000	:: 0.1775 - 0.1900	:: 0.1953	:: 0.2736
-- Southeast Extra Grade (Delvd)	:: 0.2000 - 0.2100	:: 0.2000 - 0.2100	:: 0.1925 - 0.2100	:: 0.1850 - 0.2000	:: 0.1825 - 0.1950	:: 0.1984	:: 0.2943
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.5200 - 0.5700	:: 0.5125 - 0.5700	:: 0.4975 - 0.5425	:: 0.4875 - 0.5425	:: 0.4775 - 0.5300	:: 0.5241	:: 0.8075
-- Mostly	:: 0.5400 - 0.5650	:: 0.5225 - 0.5425	:: 0.5125 - 0.5225	:: 0.4875 - 0.5175	:: 0.4775 - 0.5175	:: 0.5186	:: 0.7950
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1550 - 0.1750	:: 0.1550 - 0.1625	:: 0.1500 - 0.1600	:: 0.1400 - 0.1550	:: 0.1350 - 0.1550	:: 0.1537	:: 0.2348
-- Roller Ground	:: 0.1650 - 0.2050	:: 0.1650 - 0.2025	:: 0.1625 - 0.1975	:: 0.1550 - 0.1925	:: 0.1525 - 0.1900	:: 0.1785	:: 0.2615
-- Delactose	:: 0.3800 - 0.4150	:: 0.3800 - 0.4150	:: 0.3800 - 0.4150	:: 0.3500 - 0.3975	:: 0.3500 - 0.3650	:: 0.3848	:: 0.4225
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.8000 - 0.9000	:: 0.8000 - 0.9000	:: 0.8000 - 0.9000	:: 0.8000 - 0.9000	:: 0.8000 - 0.9000	:: 0.8500	:: 1.0986
-- West (f.o.b.)	:: 0.8200 - 0.9000	:: 0.8200 - 0.8800	:: 0.8200 - 0.8700	:: 0.8100 - 0.8800	:: 0.8100 - 0.8600	:: 0.8464	:: 1.0395
-- Mostly	:: 0.8600 - 0.8900	:: 0.8500 - 0.8700	:: 0.8400 - 0.8600	:: 0.8400 - 0.8500	:: 0.8300 - 0.8400	:: 0.8518	:: 1.0477
-- Northeast (f.o.b.)	:: 0.8300 - 0.8775	:: 0.8300 - 0.8775	:: 0.8300 - 0.8775	:: 0.7800 - 0.8500	:: 0.7800 - 0.8500	:: 0.8379	:: 1.0432
-- Southeast (Delvd)	:: 0.8000 - 0.8800	:: 0.8000 - 0.8800	:: 0.8000 - 0.8800	:: 0.8000 - 0.8800	:: 0.8000 - 0.8800	:: 0.8400	:: 1.1045
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.1600 - 1.2400	:: 1.1600 - 1.2400	:: 1.1500 - 1.2000	:: 1.1500 - 1.2000	:: 1.1400 - 1.2000	:: 1.1832	:: 1.4606
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1600 - 0.2625	:: 0.1500 - 0.2625	:: 0.1500 - 0.2625	:: 0.1500 - 0.2625	:: 0.1500 - 0.2625	:: 0.2069	:: 0.1913
-- Mostly	:: 0.1800 - 0.2100	:: 0.1600 - 0.2100	:: 0.1600 - 0.2000	:: 0.1600 - 0.2000	:: 0.1600 - 0.2000	:: 0.1832	:: 0.1848
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 2.2500 - 2.4000	:: 2.2500 - 2.4000	:: 2.2500 - 2.4000	:: 2.1500 - 2.2500	:: 2.1500 - 2.2500	:: 2.2739	:: 2.5500
-- Nonrestricted - Acid	:: 2.0500 - 2.3000	:: 2.0500 - 2.3000	:: 2.0500 - 2.3000	:: 1.8000 - 2.1000	:: 1.8000 - 2.1000	:: 2.0830	:: 2.5500

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR MAY 2002

COMMODITY	REPORT NUMBER 18	REPORT NUMBER 19	REPORT NUMBER 20	REPORT NUMBER 21	REPORT NUMBER 22	2002 *	2001 *
	MAY 1 - 3	MAY 6 - 10	MAY 13 - 17	MAY 20 - 24	MAY 28 - 31	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
-- Monday		1.0250	1.1000	1.0600	#		
-- Tuesday							
-- Wednesday	1.0700	1.0300	1.1000	1.0300	1.0400		
-- Thursday							
-- Friday	1.0300	1.0600	1.0975	1.0300	1.0950	1.0590	1.8713
-- Weekly Average**	1.0767	1.0383	1.0992	1.0400	1.0675		
CHEESE*							
-- BARRELS							
-- Monday		1.2150	1.1475	1.1625	#		
-- Tuesday		1.1925	1.1550	1.1675	1.1525		
-- Wednesday	1.2125	1.1800	1.1550	1.1700	1.1375		
-- Thursday	1.2150	1.1625	1.1550	1.1700	1.1375		
-- Friday	1.2150	1.1475	1.1550	1.1700	1.1375	1.1688	1.5665
-- Weekly Average**	1.2135	1.1795	1.1535	1.1680	1.1413		
-- 40# BLOCKS							
-- Monday		1.2350	1.2000	1.2000	#		
-- Tuesday		1.2275	1.1850	1.2000	1.2000		
-- Wednesday	1.2350	1.2100	1.1850	1.2000	1.1675		
-- Thursday	1.2350	1.1900	1.1850	1.2000	1.1750		
-- Friday	1.2350	1.1800	1.2000	1.2000	1.1750	1.2009	1.6023
-- Weekly Average**	1.2350	1.2085	1.1910	1.2000	1.1794		
NONFAT DRY MILK*							
-- EXTRA GRADE							
-- Monday		0.9400	0.9400	0.9400	#		
-- Tuesday		0.9400	0.9400	0.9400	0.9400		
-- Wednesday	0.9400	0.9400	0.9400	0.9400	0.9400		
-- Thursday	0.9400	0.9400	0.9400	0.9400	0.9400		
-- Friday	0.9400	0.9400	0.9400	0.9400	0.9400	0.9400	1.0300
-- Weekly Average**	0.9400	0.9400	0.9400	0.9400	0.9400		
-- GRADE A							
-- Monday		0.8700	0.8800	0.8800	#		
-- Tuesday		0.8700	0.8800	0.8800	0.8800		
-- Wednesday	0.8700	0.8700	0.8800	0.8800	0.8800		
-- Thursday	0.8700	0.8800	0.8800	0.8800	0.8800		
-- Friday	0.8700	0.8800	0.8800	0.8800	0.9000	0.8782	1.0400
-- Weekly Average**	0.8700	0.8740	0.8800	0.8800	0.8850		

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

Memorial Day observed, the CME was closed.

M A Y 2002 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 2001 – APRIL 2002		68,201		
MAY 1 - 31, 2002		<u>0</u>		
JULY 2001 – APRIL 2002		<u>68,201*</u>		
CHEESE				
JULY 2001 - APRIL 2002		3,030		
05/29/02-M	CARIBBEAN, CENT & S. AM	<u>175#</u>	JUN-MAR	\$707.14
05/30/02-MJ	CARIBBEAN, CENT & S. AM	<u>290#</u>	JUN-MAR	\$740
MAY 1 - 31, 2002		<u>465#</u>		
JULY 2001 – APRIL 2002		<u>3,495#*</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
BUTTERFAT				
JULY 2001 – APRIL 2002		0		
MAY 1 - 31, 2002		<u>0</u>		
JULY 2001 – APRIL 2002		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
				PROGRAM TO DATE
TOTAL MT				71,696
TOTAL BONUS VALUE				\$45,449,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211.

Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

* Program year allocations are filled. # Reallocated volumes. ** Total includes reallocated volumes.

Allocations for the DEIP year beginning July 1, 2001: Nonfat Dry Milk – 68,201 MT; Cheese – 3,030 MT; Butterfat – 21,097 MT

MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2002 was unchanged at 123. Compared with May 2001, the index was down 1 point (0.8 percent). The index of prices received by farmers for dairy products declined 2 points during the month of May 2002 to 94. Compared with May 2001, the index was down 25 points (21.0 percent).

Prices received by farmers in May with changes from April were: for All Milk, \$12.30 per hundredweight (cwt.), down \$.20; Fluid Grade Milk, \$12.40 per cwt., down \$.20; and for Manufacturing Grade Milk, \$11.30 per cwt., unchanged.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MAY 2002 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	APRIL		MAY		MAY		MAY		MAY	
	2002 <u>2/</u>	2001 <u>2/</u>	2002 <u>4/</u>	2001 <u>2/</u>	2002	2001	2002 <u>7/</u>	2001 <u>8/</u>	2002	2001
CA	11.40	13.76	11.10	14.65	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		37.50	40.50	115.00	126.00
ID	11.60	13.00	11.60	14.20			38.70	42.30	106.00	93.00
MI	12.50	14.60	12.30	15.40			41.50	45.00	73.00	63.00
MN	12.50	14.40	12.50	15.70			43.00	47.10	55.00	61.00
NY	13.20	15.40	13.00	16.30			---	---	119.00	100.00
OH	12.30	14.60	12.20	15.50			38.00	42.40	112.00	98.00
PA	14.20	16.30	14.00	17.00			43.40	44.70	127.00	101.00
TX	12.90	15.20	12.80	16.00			37.50	41.60	87.00	86.00
WA	12.50	14.90	12.20	15.80			---	---	126.00	111.00
WI	12.60	14.30	12.50	15.50			42.00	45.50	63.00	46.00
U.S.	12.50	14.60	12.30	15.50			40.20	43.70	102.00	106.00

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., MAY 2002 WITH COMPARISON

ITEM	MAY 2001	APRIL 2002 <u>1/</u>	MAY 2002 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	15.50	12.50	12.30
Fluid grade milk	15.50	12.60	12.40
Manufacturing grade milk	14.20	11.30	11.30
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	108	95	98
Prices received by farmers for dairy products	119	96	94
Prices paid by farmers for commodities and services, interest taxes, and wage rates	124	123	123
Prices paid by farmers for production items	120	119	118
Prices paid by farmers for feed	106	110	110
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	3.41	2.77	2.66

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (5/02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

APRIL 2002 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 132.4 million pounds in April, 21.5 percent above April 2001 and 2.7 percent above March 2002. **AMERICAN TYPE CHEESE** production totaled 315.2 million pounds, 8.0 percent above April 2001 but 0.9 percent below March 2002. **TOTAL CHEESE** output (excluding cottage cheese) was 697.6 million pounds, 4.1 percent above April 2001 but 3.0 percent below March 2002. **NONFAT DRY MILK** production, for human food, totaled 157.3 million pounds, 19.4 percent above April 2001 and 6.4 percent above March 2002. **DRY WHEY** production, for human food, was 89.2 million pounds, 7.0 percent above April 2001 but 2.8 percent below March 2002. **ICE CREAM** (hard) production totaled 79.7 million gallons, 1.5 percent above April 2001 and 3.9 percent above March 2002.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	APR 2002	PERCENT CHANGE FROM:			PRODUCT	APR 2002	PERCENT CHANGE FROM:		
	1,000 LBS.	APR 2001	MAR 2002	YEAR TO DATE 1/		1,000 LBS.	APR 2001	MAR 2002	YEAR TO DATE 1/
BUTTER	132,441	21.5	2.7	14.8	YOGURT (PLAIN AND FLAVORED)	177,837	5.1	-1.3	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT <u>6/</u>				
AMERICAN TYPES <u>2/</u>	315,234	8.0	-0.9	6.6	SWEET-TYPE, HUMAN FOOD	8,151	32.8	7.2	---
CHEDDAR	247,949	8.2	-0.5	6.3	SWEET-TYPE, ANIMAL FEED	1,166	10.5	21.2	---
SWISS	20,550	-2.9	0.8	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,067	-4.2	7.0	---	DRY WHEY, HUMAN FOOD	89,211	7.0	-2.8	---
CREAM & NEUFCHATEL	49,563	-5.6	-9.5	---	DRY WHEY, ANIMAL FEED	5,198	-16.4	11.1	---
HISPANIC	9,975	17.4	8.2	?	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	220,472	2.3	-6.1	-0.3	HUMAN FOOD	8,566	1.6	3.5	---
OTHER ITALIAN TYPES	57,422	0.7	-2.1	-2.5	ANIMAL FEED	3,515	10.7	0.0	---
TOTAL ITALIAN TYPES	277,894	2.0	-5.3	-0.7	LACTOSE, HUMAN FOOD & ANIMAL FEED	47,562	13.8	-3.5	---
ALL OTHER TYPES	17,357	6.5	2.1	---	WHEY PROTEIN CONCENTRATE				
TOTAL	697,640	4.1	-3.0	2.7	HUMAN FOOD	26,205	10.8	-2.6	---
COTTAGE CHEESE, CURD <u>3/</u>	36,916	0.4	-3.4	---	ANIMAL FEED	2,995	-23.8	-10.5	---
COTTAGE CHEESE, CREAM <u>4/</u>	30,431	2.5	-3.5	-1.1					
COTTAGE CHEESE, LOWFAT <u>5/</u>	30,356	1.8	-6.6	0.4					
CANNED EVAPORATED & CONDENSED									
WHOLE MILK	34,204	-11.5	-15.1	---	FROZEN PRODUCTS	1,000 GALLONS			
DRY WHOLE MILK	2,467	-25.4	28.4	---	ICE CREAM (HARD)	79,656	1.5	3.9	2.3
NONFAT DRY MILK, HUMAN FOOD	157,258	19.4	6.4	12.2	ICE CREAM, LOWFAT (HARD)	8,932	12.6	7.4	---
DRY SKIM MILK, ANIMAL FEED	493	30.1	-35.3	---	ICE CREAM, LOWFAT (SOFT)	27,084	-6.7	16.2	---
DRY BUTTERMILK	5,704	21.8	-1.1	---	ICE CREAM, LOWFAT (TOTAL)	36,016	-2.6	13.9	-9.3
					SHERBET (HARD)	5,096	20.6	6.5	9.9
					YOGURT (TOTAL)	6,805	-2.4	-1.4	-2.9

MANUFACTURERS' STOCKS, END OF MONTH <u>7/</u>							
PRODUCT	APR 2002	PERCENT OF:		PRODUCT	APR 2002	PERCENT OF:	
	1,000 LBS.	APR 2001	MAR 2002		1,000 LBS.	APR 2001	MAR 2002
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	40,455	38.7	-5.0	HUMAN FOOD	24,473	96.4	-0.7
DRY WHEY, ANIMAL FEED	1,524	-65.3	33.6	ANIMAL FEED	1,531	-36.6	17.3
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL <u>8/</u>	8,603	46.0	3.9	CANNED EVAPORATED & CONDENSED WHOLE MILK	51,089	-13.4	17.1
LACTOSE, HUMAN FOOD & ANIMAL FEED	34,353	31.6	4.2	NONFAT DRY MILK FOR HUMAN FOOD	155,286	22.2	-1.6
DRY BUTTERMILK, TOTAL	12,285	228.9	16.4				

1/ 2002 cumulative as percent change of 2001 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. 9/ Information for these products was not shown in current report.

SOURCE: "Dairy Products," Da 2-6 (6-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MAY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for May 2002 is \$1.1433 per pound. Thus, the Class II butterfat price is \$1.1503. The protein and other solids prices for May are \$2.2097 and \$0.0371 per pound, respectively. These component prices set the Class III skim milk price at \$7.07 per cwt. The May Class IV skim milk price is \$6.81 which is derived from the nonfat solids price of \$0.7572 per pound.

Product Price Averages: The product price averages for May are; butter \$1.0525, nonfat dry milk \$0.8972, cheese \$1.2359, and dry whey \$0.1759.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	MAY 2002				JUNE 2002
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	14.51	11.29	10.82	10.57	14.28
Appalachian (Charlotte) 5/	005	14.36	11.29	10.82	10.57	14.13
Southeast (Atlanta) 6/	007	14.36	11.29	10.82	10.57	14.13
Florida (Tampa) 7/	006	15.26	11.29	10.82	10.57	15.03
Mideast (Cleveland) 8/	033	13.26	11.29	10.82	10.57	13.03
Upper Midwest (Chicago) 9/	030	13.06	11.29	10.82	10.57	12.83
Central (Kansas City) 10/	032	13.26	11.29	10.82	10.57	13.03
Southwest (Dallas) 11/	126	14.26	11.29	10.82	10.57	14.03
Arizona-Las Vegas (Phoenix) 12/	131	13.61	11.29	10.82	10.57	13.38
Western (Salt Lake City) 13/	135	13.16	11.29	10.82	10.57	12.93
Pacific Northwest (Seattle) 14/	124	13.16	11.29	10.82	10.57	12.93
All-Market Average	---	13.84	11.29	10.82	10.57	13.61

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63—the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other cities are: Portland, same; and Spokane, same.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 3 - 7, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 5/31/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,999,600	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	28,346,497	1,718,708	26,627,789	477,904,201	316,834,662	1,044,103,000	549,305,000
Fortified	-0-	-0-	-0-	-0-	28,051,923	46,391,000	38,128,000
TOTAL	28,346,497	1,718,708	26,627,789	477,904,201	344,886,585	1,090,494,000	587,433,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 3 - 7, 2002 =	5.9	309.9	COMPARABLE PERIOD IN 2001 =	1.6	84.9
CUMULATIVE SINCE OCTOBER 1, 2001 =	105.1	5,562.8	CUMULATIVE SAME PERIOD LAST YEAR =	178.1	4,124.1
CUMULATIVE JANUARY 1 - JUNE 7, 2002 =	88.2	4,666.9	COMPARABLE CALENDAR YEAR 2001 =	61.6	2,641.5

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 3 - 7, 2002 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS		NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-		1,133,892	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-		21,638,974	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-		3,854,923	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,995,440	23,975,567	4,689,782	5.0	31.7
WEST	-0-	-0-	-0-	5,039,919	417,426,289	340,196,803	87.4	68.1
EAST	-0-	-0-	-0-	39,600	36,502,345	-0-	7.6	0.2
TOTAL	-0-	-0-	-0-	11,074,959	477,904,201	344,886,585	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/18/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.7	5.8	4.4	17.0	1.9	0.4	0.7	11.0	2.4	44.5	981.6
2001-Dairy	0.2	0.7	4.9	5.0	18.2	2.1	1.4	0.8	9.4	2.2	44.8	1,065.2
2002-All cows	0.2	0.9	7.9	12.9	26.4	15.5	16.2	3.9	14.0	6.3	104.0	2,091.9
2001-All cows	0.2	0.8	6.6	15.5	26.8	14.5	18.0	4.9	11.9	6.6	105.8	2,201.9

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03						
II	12.69	12.28	12.19	11.88	11.29							
III	11.87	11.63	10.65	10.85	10.82							
IV	11.93	11.54	11.42	11.09	10.57							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm0s/mib/cls_prod_cmp_pr.htm